

What is the difference between the Operating Budget and the Capital Budget?

The Operating Budget and the Capital Budget make up the city's annual budget.

The **Capital Budget** funds major improvements to facilities and infrastructure. It is the first year of needs in the five-year Capital Improvements Program (CIP) Plan. The CIP is reviewed annually for the acquisition, renovation or construction of new or existing facilities and infrastructure. Funding sources for the CIP are bonds and warrants previously issued. Funds from the Capital Budget are specific and may not be used for personnel costs and annual operating costs.

The **Operating Budget** includes personnel costs and annual facility operating costs. There are three functional areas in the budget: general government, public safety and culture/recreation. It is funded primarily from revenue through business taxes, local property taxes, permits, intergovernmental funds and other smaller sources of revenue.

Business taxes such as Sales Tax, Use Tax, Occupational License, General Business License and Public Utilities Tax make up more than 80% of the city's annual revenue.

More than 70% of the budget covers Personnel Services (salaries and wages, FICA and Medicare, Insurance, Pensions).

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Capital Budget: Construction of new concession pavilion at Wylam Park



Operating Budget: Public Works crews cutting grass on right of way



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